

GUIDE TO

EXPRESS INSURANCE

- Simple, Streamlined Nonpayment Protection for Exporters
- Free Credit Checks on Foreign Buyers
- No Upfront Cost: Pay as You Ship

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About EXIM Bank

The Export-Import Bank of the United States (EXIM Bank) is the official export credit agency of the United States. It empowers U.S. companies large and small to turn export opportunities into real sales that help contribute to a stronger national economy.

EXIM does not compete with the private sector, but rather provides export financing support that fills the gaps in trade financing. No transaction or firm is too small. On average, more than 85% of EXIM transactions directly benefit U.S. small businesses.

Introduction to Express Insurance

Express Insurance safeguards exporters' foreign receivables, provides protection in the marketplace and, in some cases, unlocks working capital for businesses.

The international marketplace offers tremendous opportunity for growth. Yet small business exporters face a special set of challenges. Working capital can be hard to come by. Customers often demand open account terms, forcing suppliers to bear an unsettling risk of nonpayment in order to win a sale.

To top it off, leaders at smaller export companies must seek sales, navigate logistics, manage employees and more. The one thing they don't have is the time required to conduct thorough analyses of potential customers. The Export-Import Bank (EXIM) has solutions that equip companies to overcome these challenges and grow.

Express Insurance is a simple tool with significant benefits. It offers free credit reports on foreign customers and insures credit terms of up to 180 days extended to approved buyers. Exporters leverage EXIM's credit management expertise, protecting their bottom line and freeing up time to focus on creating value for the business. Companies can meet customer demand and take on international sales with confidence, knowing they're covered by EXIM if their buyer doesn't pay. Additionally, some lenders will allow businesses to borrow against insured receivables, boosting exporters' liquidity.



Why Use Express Insurance?

What it is: An insurance policy for foreign receivables

What it does: Safeguards against buyer nonpayment

By protecting exporters' accounts receivable, Express Insurance provides significant benefits with little hassle. Featuring free credit reports on foreign buyers and a streamlined application, Express Insurance empowers companies to overcome obstacles in the way of increasing international market share.

The protection of a policy equips exporters with the confidence to chart a path forward with margins they can depend on. Companies can increase their global competitiveness by offering credit terms needed to win sales. Moreover, Express Insurance can empower exporters to overcome cash flow challenges by borrowing against insured receivables.

Use Express Insurance to:

- See credit reports on all buyers the exporter elects to insure (these are complimentary, though they remain with EXIM).
- Insure against nonpayment by international customers.
- Cover both commercial (e.g., bankruptcy) and political (e.g., war or the inconvertibility of currency) risks.
- Arrange financing through a lender by using insured receivables as additional collateral.

The Benefits of Express Insurance



Credit Management Expertise

Ease the burden of credit risk management by leveraging EXIM's international expertise.



Safeguard Against Losses

Safeguard against catastrophic losses due to buyer nonpayment.



Increased Competitiveness

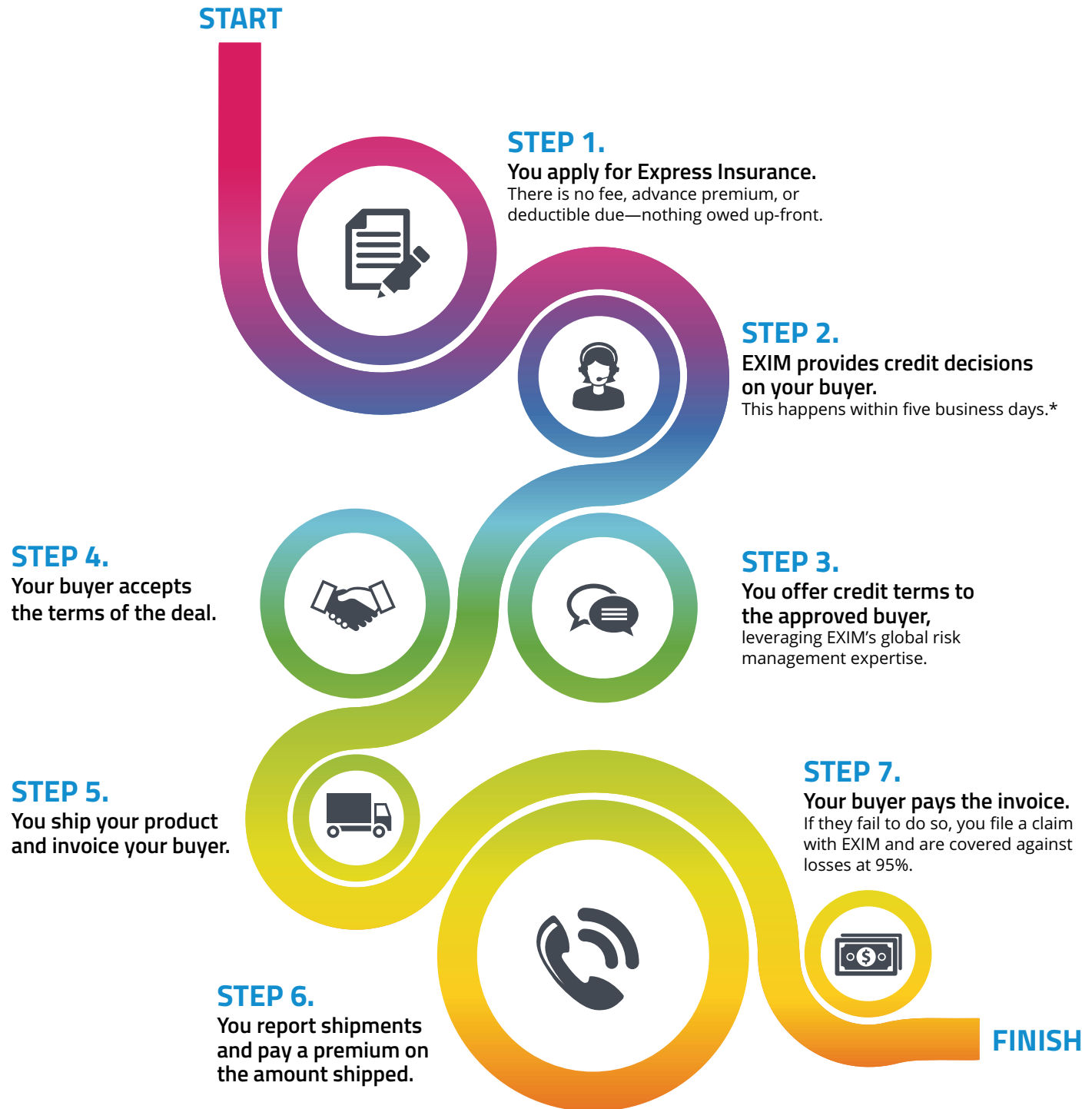
Offer the credit necessary to expand into new markets and boost sales with existing customers.



Improved Liquidity

Accelerate your cash flow by borrowing against foreign receivables.

How Express Insurance Works



* For buyer credit requests up to \$300,000. Buyer credit requests exceeding \$300,000 require additional processing time.



Partnering For Success

MAGNOLIA METAL VICKSBURG, MS

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cross the United States there are non-profit economic development organizations that offer free or low cost trade counseling, export outreach, and technical assistance to U.S. businesses looking to export. The Export-Import Bank of the United States (EXIM) has established relationships with entities through our [Regional Export Promotion Program \(REPP\)](#)¹. If a business needs advice on export-related issues, EXIM's REPP members can provide the information and services that it needs to succeed. The Mississippi Development Authority's International Trade Office (MDA) is one such organization.

MDA offers Mississippi business leaders international business assistance, including educational, marketing, and business-to-business referral services. MDA also works with EXIM and other federal partners such as the Small Business Administration and the U.S. Department of Commerce

so that Mississippi businesses can access financing—such as export credit insurance and working capital—and can participate in programs such as the Department of Commerce's Gold-Key Matching Service, which allows U.S. businesses to find foreign buyers and obtain significant market research.

One company MDA has equipped to enter the international marketplace is Magnolia Metal & Plastic Products, Inc. Magnolia Metal is a Vicksburg, MS based company that specializes in the manufacture of window and door components, primarily screens. Magnolia Metal is a “mom and pop shop” that employs 35 people out of their factory in Vicksburg.

Over the past five years, Magnolia Metal has expanded its business internationally with sales in Chile. Since 2009, Magnolia Metal's business with Chile has grown significantly, expanding from \$5,000 in sales to \$25,000. While Magnolia Metal grew internationally, it worked with a distributor in Chile that purchased their goods wholesale and then sold their products to regional suppliers. When Magnolia Metal started exporting, it initially relied upon being paid for its exports on a cash-in-advance basis with their Chilean distributor paying them via an international wire transfer before they shipped their goods.

Following a change in ownership of the Chilean distributor and an increase in sales—

“With EXIM's support and MDA's assistance, Magnolia Metal is continuing to succeed internationally.”

¹www.exim.gov/who-we-serve/repp



Magnolia Metal received an order for \$50,000—they needed to offer an alternative to cash-in-advance payment. MDA was able to help. Magnolia Metal knew from previous conversations that MDA could provide information and resources on offering credit terms to their foreign buyer.

As soon as Magnolia Metal reached out to MDA, MDA put them in contact with an EXIM Trade Finance Specialist within an hour. The EXIM representative assisted Magnolia in getting a \$100,000 [Express Insurance Policy](#)¹ after just two short weeks. Express Insurance is a type of export credit insurance for small businesses that provides protection for up to 95% of a business' invoiced foreign receivables. Having export credit insurance empowered Magnolia Metal to offer flexible credit terms. It also gave them the confidence to make a larger sale with their new Chilean distributor because they knew that if that

distributor defaulted, EXIM would cover up to 95% of their shipped goods.

With EXIM's support and MDA's assistance, Magnolia Metal is continuing to succeed internationally. Magnolia Metal projects they will grow their \$50,000 in international sales to \$300,000 through fiscal year 2016.

MDA was crucial in helping Magnolia Metal grow their business and increase their international sales. MDA offers services that Mississippi businesses are able to access at any point in the business cycle or at any stage of a business' growth. Most recently MDA continued to help Magnolia Metal sign up for a trade mission to Mexico City and Guadalajara, Mexico, where they were able to build the relationships that will help them expand their business into Mexico. ■

Magnolia METAL & PLASTIC

PRODUCTS

Window Insect Screen Components,
Door Screen Components, DIY Insect
Screen Kits

SERVICES

Roll Forming, Custom Injection
Molding, Custom Vinyl Extrusion,
Value Added Processing

EXPORTS IN 2015



¹www.exim.gov/what-we-do/export-credit-insurance/express-insurance

Eligibility and Requirements

While EXIM can do business in most markets, there are some basic requirements governing whether exports are eligible for support. Below is an overview of factors affecting exporter eligibility.



Eligibility for Express Insurance

In order to qualify for Express Insurance, an exporter must:

- meet the Small Business Administration's [definition of a small business](#)¹
- have an average of less than \$7,500,000 in export credit sales over the last three years
- have at least a three year operating history
- sell to 20 or fewer foreign buyers on credit terms

Don't qualify? [Check out our other policies at \[exim.gov\]\(#\)](#)².

Eligibility for EXIM Support

In order to qualify for EXIM support, an exporter must:

- Export products and/or services that have more than 50% U.S. content based on all direct and indirect costs (e.g., labor, materials, and administrative costs).

Goods and services must be exported from the U.S.

EXIM does not provide support for content shipped from foreign ports.



What EXIM Does Not Support

EXIM does not provide support for:

- imports
- grants
- early stage start-ups
- crude oil
- direct investment
- personal loans
- the purchase of land

Export destinations must not be restricted countries

EXIM can support exports to most markets. There are some export destinations, however, that are not eligible for support. EXIM's [Country Limitation Schedule](#)³ provides an up-to-date listing of approved countries.

Exports must be non-military in nature

EXIM is prohibited from financing the export of defense articles and services. There are exceptions for "dual use" items (that is, items used for both military and commercial or civilian applications). More details are available at [exim.gov](#).

¹[sba.gov/contracting/resources-small-businesses/determining-business-size](#)

²[exim.gov/what-we-do/export-credit-insurance](#)

³[exim.gov/tools/countrylimitationschedule](#)

Pricing Details for Express Insurance

There is no advance premium, application fee, or deductible required to open a policy and initiate buyer credit checks. Payment is due only upon shipment.

Premium rates are the same for all export destinations.
Rates are determined by the length of credit terms extended.

Example: An exporter insuring 60-day credit terms on a \$50,000 sale to a private buyer would pay a \$325 premium to safeguard against nonpayment (.0065 x \$50,000).

Shipments must be reported to EXIM and premiums are due any time after shipment, but no later than the last day of the month following the month of shipment.

Example: If you shipped your products any time in April, your premium would be due by May 31.

Pricing per \$100 Contract Value

PAYMENT TERMS	PRIVATE BUYERS
1–60 days	\$0.65
61–120 days	\$1.06
121–180 days	\$1.35

Pricing per \$100 of contract value, letter of credit, or invoice value excluding interests.

Disclaimer: This explanation is meant to provide a general overview of the program at EXIM. The information provided is not comprehensive or complete, nor does it reflect all eligibility requirements or process details. For specific details on the product, please contact the Export-Import Bank directly.



Request a Free Consultation

EXIM has experienced export finance professionals throughout the United States. A local EXIM Export Specialist can help determine whether you qualify, and get you started on your path to growing your business abroad!

Fill out our short questionnaire and an EXIM Export Specialist will respond shortly!

grow.exim.gov/contact-a-trade-finance-specialist



exim.gov

